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**CITY OF TEMPE**  
**REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 8/22/2013**  
**Agenda Item: 5E3**

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**ACTION:** Adopt a resolution authorizing the Mayor to sign the fiscal year 2013/14 light rail operations funding agreement with Valley Metro Rail, Inc. for the City of Tempe proportionate share of light rail operating costs. (Resolution No. 2013.96)

**FISCAL IMPACT:** The gross cost is \$10,170,294, with revenue estimated at \$5,121,160. The estimated net cost to the City is \$5,049,134. Sufficient funding has been approved for fiscal year 2013/14 in operating budget cost center 3921, accounts 6625 and 6798.

**RECOMMENDATION:** Approve Resolution No. 2013.96.

**BACKGROUND INFORMATION:** The Agreement is entered into pursuant to the Light Rail Transit Operations Master Cooperative Funding Agreement, which the City Council approved on February 21, 2008. The fiscal year 2013/14 Operations Funding Agreement provides Valley Metro Rail, Inc. (METRO) with funding to support and operate the light rail system in Tempe.

The level of funding and revenue identified in the agreement was approved by METRO's Board of Directors in May 2013 and by the Tempe City Council in June 2013 as part of the Transit Fund budget. Overall, the Agreement reflects a 26.8% decrease in net cost to the City. Information on the use of funds and offsetting revenue is provided below:

- Light Rail Operations – The budget amount of \$8,770,566 reflects a 4.2% decrease compared to fiscal year 2012/13 and includes agency/contracted labor, materials, utilities, and insurance associated with the operation and maintenance of the light rail system.
- Security – The budget amount of \$1,139,479 reflects a 6.3% increase compared to fiscal year 2012/13 and includes security for METRO's Operations and Maintenance Center as well as increased security and fare inspection services for the light rail system.
- Administration – The budget amount of \$260,249 reflects an 18.2% decrease and includes agency staff salaries/benefits, consultant services, expenses related to public meetings and information, and personnel/support services provided by the Regional Public Transportation Authority (RPTA). The re-allocation of administrative expenses between METRO and the RPTA also reduced METRO's administration costs. The consultant costs also decreased due to the shifting of projects and expertise to agency staff.
- Revenue – The revenue amount of \$5,121,160 reflects a 40.2% increase compared to fiscal year 2012/13 and includes funding from passenger fares (\$3,691,630), federal funding for preventative maintenance (\$1,261,350), and light rail vehicle advertising (\$168,180). The increase in revenue is due to a March 2013 fare increase, significant increase in the availability of federal Congestion Mitigation and Air Quality (CMAQ) funding available for preventative maintenance, and an increase in advertising sales.

METRO FY 2014 Operations Funding Agreement				
Category	Fiscal Year 2013	Fiscal Year 2014	%Inc./Dec	
Operations	\$ 9,159,472	\$ 8,770,566	-4.2%	
Security -Regional	\$ 571,771	\$ 676,578	18.3%	
Security - Local	\$ 499,413	\$ 462,901	-7.3%	
Agency Operating (admin.)	\$ 318,140	\$ 260,249	-18.20%	
Subtotal	\$ 10,548,796	\$ 10,170,294	-3.6%	
Fare Revenue	\$ 3,292,366	\$ 3,691,630	12.1%	
Preventive Maint.(Fixed Guide)	219,444	\$ 1,261,350	474.8%	
Advertising	\$ 140,150	\$ 168,180	20.0%	
Subtotal	\$ 3,651,960	\$ 5,121,160	40.2%	
Net	\$ 6,896,836	\$ 5,049,134	-26.8%	

**ATTACHMENTS:** Resolution and Intergovernmental Agreement.

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Department Director: Don Bessler, Public Works Director

Legal review by: Teresa Voss, Assistant City Attorney

Prepared by: Mike Nevarez, Transit Operations Coordinator